



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

**PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS")
134 : INTERIM FINANCIAL REPORTING**

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Pro Forma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2010 and their accompanying notes appended to the interim financial statements as disclosed in the Prospectus of the Company dated 23 September 2010.

The interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group").

The Group has adopted the merger accounting method for the preparation of this interim combined financial statements which is consistent with the most recent interim combined financial statements as disclosed in the Prospectus dated 23 September 2010.

A2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with the Pro Forma Consolidated Financial Information and the Accountants' Report for the financial period ended 31 March 2010 as disclosed in the Prospectus of the Company dated 23 September 2010.

The Group has not adopted the following standards, amendments and interpretations that have been issued but not yet effective:

(a) Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Agreements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

(b) Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

(c) Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7: Improving Disclosures about Financial Instruments

IC Interpretation 4: Determining whether an Arrangement contain a Lease

IC Interpretation 18: Transfers of Assets from Customers

TR 3: Guidance on Disclosures of Transition to IFRSs

TR i-4: Shariah Compliant Sale Contracts

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

A3. Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements of the Group for the financial year ended 31 December 2009 were not subject to any qualification.

A4. Seasonal or cyclical factors

Generally the Group's business operations were not subject to any seasonal or cyclical factors. However, the Group has traditionally performed better during the second half of a financial year.

A5. Unusual items

There were no unusual items affecting the nature and amount of assets, liabilities, equity, net income and cash flows for the quarter ended 30 September 2010.

A6. Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Valuation of property, plant and equipment

There was no amendment to the valuation of property, plant and equipment of the Group during the current quarter under review.

A8. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period ended 30 September 2010 except for those disclosed in Note B8.

A9. Dividend paid

No dividend was paid by the Company during the financial period under review.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

A10. Segment reporting

The Group is principally involved in the manufacture and marketing of flexible plastic packaging products and operates geographically within Malaysia. Revenue of the Group is derived from the sales of these products in the export and local markets.

	Current Quarter Ended 30 September 2010 RM'000	Current Year To Date 30 September 2010 RM'000
Revenue		
- Local	35,226	104,049
- Export	41,628	130,742
	<u>76,854</u>	<u>234,791</u>

A11. Material events subsequent to the Balance Sheet date

Save as disclosed under Note B8, there were no material events subsequent to the end of the current interim period that have not been reflected in this interim financial report.

A12. Changes in the compositions of the Group

Upon completion of the Acquisitions as disclosed under Note B8, both GWPI and GWP have become direct wholly-owned subsidiaries of the Company.

A13. Changes in contingent liabilities or contingent assets

The Group does not have any material contingent liabilities or contingent assets as at the date of this report.

A14. Capital commitments

	As at 30 September 2010 RM'000
Approved and contracted for: Property, plant and equipment	<u>16,183</u>

A15. Related party transactions

As at the date of this report, the Group does not have any related party transactions.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

PART B - EXPLANATORY NOTES PURSUANT TO PARA 9.22 AND APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group achieved a revenue of RM234.791 million and a profit before tax of RM16.231 million during the period under review due to an increase in capacity and value added activities.

B2. Variation of results against preceding quarter

In the current quarter, the Group's revenue declined by approximately RM3.723 million (4.62%) as compared to the revenue recorded in the preceding quarter mainly due to lower unit selling price arising from lower raw material cost. Profit before tax was however higher by approximately RM0.342 million (6.37%) mainly due to higher gross margin.

B3. Current year's prospects

As disclosed in the Prospectus dated 23 September 2010, the Group has invested in new capacities and value add activities. The resultant increase in volume and the improvement in operational efficiency and value add margins is envisaged to contribute positively to the overall annual results of the Group. Barring any unforeseen circumstances, the Board of Directors is optimistic that the current year's results will be higher than that recorded in 2009.

B4. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the financial period under review.

B5. Income Tax Expense

	Current Quarter Ended 30.09.2010 RM'000	Current Year To Date 30.09.2010 RM'000
Income tax		
Current year	162	562
Prior year	12	12
Deferred tax	645	1,625
	<u>819</u>	<u>2,199</u>

The Group enjoyed a lower effective tax rate of 13.5% than the statutory tax rate of 25%, mainly due to the utilisation of reinvestment allowance at the subsidiary level.

B6. Sale of unquoted investments and / or properties

There were no sales of unquoted investments for the current quarter and financial period to-date. However, a profit on disposal of property, plant and equipment amounting to RM116,680 was included in other operating income.

B7. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities by the Group during the financial period under review.



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

B8. Status of corporate proposals

(1) In conjunction with, and as an integral part of our Listing on the Main Market of Bursa Securities we undertook the following :

(a) Acquisitions

(i) The Company had on 6 May 2010 entered into a conditional sale and purchase agreement with the shareholders of Great Wall Plastic Industries Berhad ("GWPI") for the acquisition of the entire issued and paid-up share capital comprising 88,004,400 ordinary shares of RM1.00 each in GWPI, for a total purchase consideration of RM136,252,000, which is to be satisfied via the issuance of 219,999,996 new ordinary shares of RM0.50 each, at an issue price of approximately RM0.62 each.

(ii) The Company had on 6 May 2010 entered into a conditional sale and purchase agreement with GWPI for the acquisition of the entire issued and paid-up share capital of GWPI's subsidiary, GW Packaging Sdn Bhd ("GWP"), comprising 6,000,002 ordinary shares of RM1.00 each, for a cash consideration of RM10,000,000, which is to be reflected as an amount owing from the Company to GWPI.

The above transactions were completed on 11 August 2010.

(b) Public Issue

A public issue of 16,000,000 new ordinary shares of RM0.50 each, representing 6.78% of the enlarged issued and paid up share capital of the Company, at an issue price of RM0.76 per share, payable in full upon application.

(c) Offer for sale (" Offer for Sale")

An Offer for Sale of 45,420,000 ordinary shares of RM0.50 each, at an offer price of RM0.76 per share.

(2) Listing

As at the date of this report, the entire enlarged issued and paid-up share capital of the Company amounting to RM118,000,000 comprising 236,000,000 ordinary shares of RM0.50 each is listed on the Main Market of Bursa Securities.

(3) Utilisation of proceeds

The gross proceeds of RM12,160,000 raised from the public issue of 16,000,000 new shares will be utilised in the following manner, and the status of utilisation of the proceeds as at 15 November 2010 (being the latest practicable date) was as follows:

<u>Purpose</u>	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Deviation RM'000	Timeframe for Utilisation
Building of new factory block	9,000		9,000	-	Within 12 months
Working capital	960	-	960	-	Within 12 months
To defray listing expenses	2,200	(1,434)	766	-	Within 1 month
Total	12,160	(1,434)	10,726	-	



GW PLASTICS HOLDINGS BERHAD (881786-X)
Incorporated In Malaysia

B9. Borrowings and debts securities

The Group's borrowings as at 30 September 2010 are as follows:-

	As at 30 September 2010 RM'000
Short term borrowings:	
<u>Unsecured</u>	
- revolving credit	3,000
- trade loan	8,513
- banker's acceptance	1,426
- term loans	<u>9,579</u>
	<u>22,518</u>
Long term borrowings:	
<u>Unsecured</u>	
- term loans	10,215
Total borrowings	<u><u>32,733</u></u>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material litigation

There was no material litigation as at the date of this report.

B12. Dividends

The directors do not recommend the payment of any interim dividend for the current financial quarter ended 30 September 2010.

B13. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated based on the profit after tax attributable to the equity holders of the Company divided by the enlarged share capital of 220,000,000 ordinary shares but prior to the Public Issue.

b) Diluted earnings per share

Diluted earnings per share is calculated based on the profit after tax attributable to the equity holders of the Company divided by the enlarged share capital of 236,000,000 ordinary shares after the Public Issue.

By Order of the Board
GW PLASTICS HOLDINGS BERHAD

Lee Ying Fong
Company Secretary

Dated: 22 November 2010